

Executive Summary

1. The proposed financing comprises a USD1,000 million sovereign-backed loan to India for the Program for Growth, Resilience, Energy Security and Sustainability. The Department of Economic Affairs, Ministry of Finance, will act as the borrower and implementing agency. The policy assurance of the Approval Program Document has been obtained.
2. India remains one of the fastest growing economies, but its reliance on imported energy, fertilizers and trade routes makes it exposed to global price volatility, supply disruptions and financing pressures. The proposed RPBF will provide budget support to protect key public spending, including infrastructure investment and maintenance, while helping households, farmers, exporters and viable businesses manage external stress.
3. The Program is focused and implementation-ready, organized around three mutually reinforcing areas: safeguarding macroeconomic stability and trade resilience, protecting domestic energy security and household fuel supply, and supporting food security and rural incomes. Its policy measures are anchored in Government actions already initiated or completed, including credit guarantees for affected firms, a sovereign-backed maritime insurance pool, export logistics support, gas allocation to priority sectors, fertilizer subsidies and expanded rural employment support.
4. AIIB's additionality is reflected in the timely provision of standalone responsive financing where co-financing or additional financing to an existing policy operation was not available. Environmental and social risks are expected to be limited, with AIIB's E&S Policy, E&S Standards and E&S Exclusion List applying to the supported measures and established legal and institutional frameworks in place to manage potential downstream risks.
5. The Program is expected to generate social and resilience benefits. Rural employment activities will support water conservation, rural infrastructure, agriculture-related works, afforestation and housing assistance. By combining income support with investments in climate-resilient community assets, the Program will help protect vulnerable rural households and strengthen local adaptation outcomes. Key risks, including macroeconomic pressures and implementation capacity constraints, are assessed as manageable and will be mitigated through sound fiscal management, clear institutional responsibilities, proactive monitoring, central coordination and continued AIIB policy dialogue.

Project No. and Name	P001164 Program for Growth, Resilience, Energy Security and Sustainability		
AIIB Member	India		
Borrower	Ministry of Finance, India		
Guarantor	Not Applicable		
Project Implementation Entity	Ministry of Finance, India		
Proposed AIIB financing (USDm)	USD1,000.00	Instrument type/subtype	Loan/Sovereign Guarantee
		Currency of financing requested	US Dollar
Sector (Subsector)	ERF - Policy-Based Financing (N/A)	E&S Category and Comments (if any)	C, Not Applicable
Project Objective	The Program supports India's short-term policy and institutional measures and public expenditure allocations aimed at sustaining economic activity, safeguarding social stability and strengthening resilience.		
Project Description	India relies significantly on imported energy and agricultural inputs, including crude oil, LNG, LPG, pulses, oilseeds, and fertilizer inputs. India also faces a gap between development needs and available public resources, especially for infrastructure and climate-related investment. Growth has remained robust, but employment generation has been uneven. Agriculture still absorbs a large share of the workforce. The situation in the Middle East may potentially affect the Indian economy through higher energy prices, risks to fuel and fertilizer supply, trade disruption, supply chain bottlenecks, and tighter global financial conditions. Higher crude prices, shipping delays, and rising fertilizer costs may increase pressure on energy affordability, food-related costs, and business conditions, particularly for exporters and firms with limited margins. India has implemented pre-emptive measures to mitigate the effect of any potential pressure arising from these developments. It has adopted short term policies to help keep fuel and food supplies flowing, support businesses and exporters, protect poorer households from higher prices, and stabilize fertilizer prices for farmers. AIIB will provide financing to support India's pre-emptive short-term policy measures to support food, energy, and economic security for poor and vulnerable households, farmers, and small enterprises. This		

	may also help reduce risks to ongoing infrastructure investment from fiscal reprioritization toward the aforementioned measures. Program Approach and Focus Areas: The Program comprises three focus areas and policy measures to support trade resilience, energy security, food and rural income protection. These measures support business and export continuity, gas and cooking fuel supply, and assistance to farmers and rural households through fertilizer support and expanded employment measures. Overall, the Program intended to support short-term relief measures, with expected results over a two-year period.		
Implementation Period	Start Date: July 30, 2026 End Date: July 31, 2028	Expected Loan Closing Date	November 30, 2028
Co-financing type	Standalone	Following other Financier's E&S Policy?	No
Lead financier		Following other Financier's Procurement Policy?	No
Financing Plan	USD 1 billion AIIB financing.		
Policy Assurance	The Project has passed a policy compliance review. No derogation or exception to the Bank's operational policies is required.		

Risk	
Key Risks	Mitigation Measures
Macroeconomics: External risks are increasing as higher oil prices are likely to widen the current account deficit and add pressure on fiscal space. A prolonged or escalating conflict could weaken macroeconomic conditions.	Continued fiscal management and expenditure prioritization would help contain pressures on fiscal space and support program implementation in the near term. The government also has access to a range of financing options from MDBs, including counter-cyclical support and, if needed, emergency financing, to help cushion external shocks.

Political and Governance: Risks of delays or partial implementation of reforms	The reforms are anchored in government programs with established institutional arrangements, which reduce the risk of delays or partial implementation. AIIB supports implementation and monitoring, as needed.
Stakeholders: Reforms supported by this Program may face resistance from groups such as environmental advocates or market participants seeking to preserve existing arrangements that allow a few large companies to retain significant market power. Shifts in the political environment could also weaken commitment over time.	These risks will be mitigated through strong central coordination, sustained government engagement to maintain reform momentum and manage stakeholder concerns, and continued policy dialogue and assistance from AIIB to support implementation and reinforce commitment.
ECap	76.97USDm 7.70%

Strategic Alignment	
Alignment with AIIB's thematic priorities	Other
Alignment with AIIB's strategies	Others

Key Outcomes			
Indicator	Unit of measure	Baseline (Year)	Target (Year)
Issuance of guarantees by National Credit Guarantee Trustee Company Limited as part of the ECLGS 5.0	Percentage	0 (2026)	75 (2028)
Bharat Maritime Insurance Pool is operational	Yes/No	No (2026)	Yes (2028)
Supply of natural gas to Priority Sectors maintained in accordance with the Natural	Text	No statutory framework existed for regulation and prioritisation of	Mandated minimum allocations maintained on a

Gas (Supply Regulation) Order, 2026		natural gas allocation during emergency/supply disruption situations. (2026)	quarterly basis during the crisis period to operational availability (2028)
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Other Key Financing Requirements	
Conditions of Effectiveness	i. The Legal Opinion stating the financing agreement has been duly authorized or ratified by and executed and delivered on behalf of the Borrower and is legally binding in accordance with its terms. ii. The Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
Key Conditions for 1st Disbursement	Not Applicable
Key Covenants	Not Applicable

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Chief Investment Officer	Kim-See Lim
Director General	Rajat Misra
Manager	Hari Bhaskar
Project Team Leader	Pratyush Mishra
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**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

Resilience Policy-Based Financing

Project Document

**P001164 India: Program for Growth, Resilience, Energy Security and Sustainability
(PROGRESS)**

Energy, Food Security and Economic Resilience Facility

Currency Equivalents

As of May 31, 2026

Currency Unit Indian Rupee (INR)

USD1.00 = INR95.01

Client Fiscal Year

April 1 – March 31

Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BMI Pool	Bharat Maritime Insurance Pool
CPBF	Climate-Focused Policy-Based Financing
DAP	Di-Ammonium Phosphate
DEA	Department of Economic Affairs
E&S	Environmental and Social
ECLGS	Emergency Credit Line Guarantee Scheme
ESEL	Environmental and Social Exclusion List
ESP	Environmental and Social Policy
ESS	Environmental and Social Standards
FY	Fiscal Year
GDP	Gross Domestic Product
GST	Goods & Services Tax
IMF	International Monetary Fund
Kg	Kilogram
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MOF	Ministry of Finance
MSMEs	Micro, Small, and Medium-sized Enterprises
NBS	Nutrient Based Subsidy
RBI	Reserve Bank of India
RELIEF	Resilience & Logistics Intervention for Export Facilitation
RPBF	Resilience Policy-Based Financing
VB G RAM G	Viksit Bharat – Guarantee for Rozgar and Aajeevika Mission (Gramin)

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1. Program Context

1.1 Background. India is the world's most populous country and one of its fastest-growing major economies. It is also the third-largest economy by purchasing power parity. Since 2000, its economy has nearly quadrupled in real terms, per-capita income has almost tripled, and its share of global output has risen from about 1.6 percent to 3.4 percent¹. Real GDP growth has averaged about 7 percent in recent years, supported by strong domestic demand and sustained public investment. Central government capital expenditure has also increased, from about 2.7 percent of GDP before the COVID-19 pandemic to an estimated 4 percent in FY2024-25.²

1.2 Despite this progress, India's goal of becoming a developed economy by 2047 remains constrained by structural factors that affect infrastructure investment and the transition to a low-carbon, climate-resilient economy. The country remains heavily dependent on imports of energy and primary commodities. This dependency leaves it exposed to global price volatility and its macroeconomic effects.

1.3 Challenges, Risks and Vulnerabilities. India depends heavily on imported energy and farm inputs. It imports close to 89 percent of the crude oil it uses. The crude-oil import bill is about a quarter of merchandise imports. About half of the country's natural-gas demand is met through imported liquefied natural gas (LNG), while domestic liquefied petroleum gas (LPG) production meets only around 40 percent of demand. India also relies on imports of pulses, oilseeds, and key fertilizer inputs. Domestic production meets only about 40 percent of demand for Di-Ammonium Phosphate (DAP), and urea production also depends heavily on natural gas. Because fertilizer prices are controlled, higher import costs are largely absorbed by the government. Fertilizer subsidies have exceeded USD16 billion a year in recent years.

1.4 In India, public investment has increased, but it is still not enough to cover the full need, especially for infrastructure and climate-related investments. Job creation remains another challenge. Growth has been strong, but it has not yet produced enough broad-based, high-quality jobs, and agriculture still employs close to 42³ percent of the workforce. Progress depends on state and local institutions, and their ability to manage projects and raise capital varies widely.

1.5 The Middle East region is a major economic partner for India, so disruptions there matter for oil imports, exports, remittances, and investment flows, among others. Higher crude prices, shipping delays, and rising fertilizer costs are adding pressure on energy security, food security, and business costs, especially for exporters and firms already under stress.

1.6 Government Strategies, Programs and Priorities. In response to the current situation in the Middle East, the government moved quickly by adopting policy measures to keep fuel and food supplies flowing, support businesses and exporters, protect poorer households from higher prices, and stabilize fertilizer prices for farmers. It also increased support to the Economic Stabilization Fund and set up a USD1.05 billion aviation turbine fuel price stabilization fund to support aviation and reduce fare volatility.

¹ [World Bank Data](#)

² [Ministry of Finance, India, 2026](#)

³ [World Bank Data, 2025](#)

1.7 Securing fuel supplies was an immediate priority because India imports most of its oil and gas, much of which passes through the Strait of Hormuz. The government used emergency orders to direct natural gas first to essential uses.

1.8 To support exporters, especially smaller firms, the government launched Resilience & Logistics Intervention for Export Facilitation (RELIEF) to cover much of the extra shipping and insurance cost. It also restored a tax-refund program for exports and gave exporters more time to access credit and repatriate foreign earnings. For farmers, the government raised fertilizer subsidies to keep prices stable and increased gas supply for fertilizer manufacturers.

1.9 **Financing Request.** In this context, India, through its Department of Economic Affairs, Ministry of Finance (MoF), has requested AIIB financing of USD1,000 million, to support its short-term response to the situation in the Middle East, in the form of Resilience Policy-Based Financing (RPBF).

2. Program Description

A. Program Overview

2.1 Program Objectives. The Program supports India's short-term policy and institutional measures and public expenditure allocations aimed at sustaining economic activity, safeguarding social stability and strengthening resilience.

2.2 Alignment with the Facility and Bank's Priorities. AIIB support to India will bolster ongoing short-term policy measures aimed at pre-emptively addressing any impacts of the Middle East situation by safeguarding food, energy and economic security for poor and vulnerable households, farmers and small enterprises, while sustaining the country's longer-term development goals. It will also help protect ongoing infrastructure investments that might otherwise face delays or scaling back due to fiscal reallocation toward immediate policy efforts.

2.3 The Program is consistent with AIIB's mandate to promote sustainable economic development and with the Corporate Strategy, which provides for the Bank's measured and time-bound response in extraordinary situations. The Bank first explored co-financing opportunities with other development partners, particularly the World Bank (WB) and the Asian Development Bank (ADB). However, policy programs supported by the WB and the ADB were at advanced stages of approval aimed at longer-term structural reforms and did not lend themselves to co-financing by the AIIB. Since AIIB does not currently have any ongoing Climate Policy-Based Financing (CPBF) program in India, adding additional financing to an existing CPBF was not an option. A standalone RPBPF aimed at short-term support for India's policy measures represent the most appropriate option to address the financing request from India.

2.4 Adequacy of the Macroeconomic Policy Framework. India's macroeconomic policy framework remains adequate. Fiscal consolidation has advanced, inflation is contained, the financial system is resilient, public debt is sustainable though elevated, and the external position remains manageable with strong reserves. With the short-term support provided by the AIIB, India will be able to maintain the macroeconomic stability while deepening structural reforms that raise productivity, improve job creation, attract investment, and strengthen resilience in an increasingly uncertain external environment.

2.5 Alignment with the Member's Planned Transition to Low Carbon and Climate Resilient Future. The measures supported under the Program are short-term and designed not to slow India's transition towards a low-carbon, climate-resilient future. The gas-rationing measures, including the priority use of LPG for households and compressed natural gas for transport, are intended to reduce disruption rather than displace the energy transition. The rural employment guarantee program directs public works and labor toward water security and climate-resilient assets. The fertilizer subsidy provides a temporary cushion while medium-term efforts advance green ammonia based, non-urea fertilizer capacity under the National Green Hydrogen Mission. The Program supports India's actions to ride out the Middle East situation while preserving fiscal space for climate and infrastructure investment and supporting a swift return to sustained high growth.

2.6 The policy measures primarily involve financial and social support measures. The gas allocation measures are designed to prioritize LPG and natural gas supply for essential uses and are not expected to increase overall gas consumption. Furthermore, LPG is considered a transitional clean fuel under India's long-term low-carbon development strategy, and the short-term implementation measures of this RPBF is not expected to create carbon lock-in or undermine decarbonization, thereby remaining aligned with Paris Agreement mitigation goals. Existing institutional frameworks for disaster and industrial risk management are deemed adequate to address physical climate risks in the near term, ensuring no adverse impact on adaptation objectives.

2.7 **Lessons Learned.** Experience from recent policy operations in India suggests that reform measures in similar settings are typically sequenced to support immediate stabilization while laying the foundation for medium-term resilience. Following AIIB's programs to support India during the Covid-19 pandemic through similar operations, namely Creating a Coordinated and Responsive Indian Social Protection System and COVID-19 Active Response and Expenditure Support, the Program draws on relevant lessons from the Bank's experience under the Covid-19 Crisis Recovery Facility and Climate Policy-Based Financing, and comparable policy-based operations by peer MDBs. These include the importance of maintaining a focused and well-sequenced policy matrix, the need to anchor reforms in strong government ownership, clear institutional accountability, ensuring strong ownership by counterpart agencies, and aligning policy measures closely with measurable and achievable outcomes. In addition, emphasis has been placed on early and continuous coordination across stakeholders including line ministries and implementing agencies to mitigate implementation risks and strengthen accountability.

B. Policy Measures and Results

2.8 **Program Areas, Policy Measures and Expected Results.** The Program is organized around three Program Areas and five Policy Measures, all drawn from actions the government has already initiated or completed and designed so that each policy measure addresses the specific challenges in the three channels and supports overall macroeconomic stability. The Policy and Results Matrix summarizing the Program is available in Annex 1.

2.9 Each Policy Measure is anchored in the government's own programs and priorities, which increases the likelihood of timely and full implementation while reducing the risk of reversal. Each is expected to deliver a measurable result within the Program's two-year implementation period, so that progress can be verified, reported, and evaluated. The Policy Measures contribute to the development outcomes through responses that address the main transmission channels of the current situation. Measures supporting credit guarantees, maritime insurance, and export logistics help viable firms maintain liquidity, keep trade moving, and reduce cost pressures, thereby sustaining economic activity and protecting employment and supply chains. Measures prioritizing natural gas allocation and securing fertilizer affordability help protect essential household fuel supply, agricultural production, and food security, while the expanded rural employment and livelihood guarantee provides an income cushion for rural households and supports climate-resilient local assets. Taken together, these measures help contain short-term disruption, protect vulnerable households and productive

sectors, and preserve fiscal and institutional space for continued infrastructure investment and longer-term resilience.

2.10 Program Area 1. Safeguarding Macroeconomic Stability and Trade Resilience. This Area comprises Policy Measures that support businesses, especially small businesses and exporters, by helping affected firms, particularly micro, small, and medium enterprises (MSMEs) operating with thin margins, absorb higher costs. They also provide credit guarantees and maintain export incentives. As a result, they are expected to support trade flow and export competitiveness and to ease pressure on the balance of payments.

2.10.1 Policy Measure 1.1. To support businesses affected by the Middle East situation, improve their liquidity, and sustain lending to viable firms, *the government approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, through the Union Cabinet's decision taken on May 05, 2026 under which it guarantees bank loans to businesses adversely affected by the Middle East situation covering 100 percent of any losses on loans to small businesses (MSMEs⁴) and 90 percent for larger firms.*

2.10.2 Rationale. The current situation has increased the need for timely working capital by raising fuel and input costs, freight and insurance charges and cash-flow pressures, with MSMEs requiring particular support. By de-risking lending, the measure helps viable but stressed borrowers retain access to credit and supports banks in continuing to finance affected firms.

2.10.3 Significance of the Policy Measure. ECLGS 5.0 builds on the credit-guarantee architecture first deployed during COVID-19, drawing on an established institutional mechanism with a proven track record and existing delivery channels, which helps reduce implementation risk. By de-risking lending, the scheme enables banks and non-bank financial intermediaries to continue extending working capital to viable firms, support continuity in business activity, and help protect employment and supply chains.

2.10.4 Expected Results. The expected result is continued access to working capital for businesses affected by the current situation, especially MSMEs and other viable firms facing higher fuel, freight, and input costs.

2.10.5 Policy Measure 1.2. To strengthen the resilience of India's seaborne trade and reduce dependence on foreign insurance markets, the government *through the Department of Financial Services, Ministry of Finance, order n. G-14017/2026-Ins.II, dated May 7, 2026, the Bharat Maritime Insurance Pool (BMI Pool) was created. A domestic, government-backed insurance pool supported by a sovereign guarantee of USD1.36 billion to guarantee that Indian ships and India-bound cargo can secure affordable cover against critical maritime risks when transiting high-risk waters, helping the seaborne trade remain insured and continuing to move during periods of geopolitical tensions.*

2.10.6 Rationale. India's seaborne trade has long relied on foreign underwriters and the International Group of Protection & Indemnity Clubs, which leaves coverage vulnerable to withdrawal during times of geopolitical tension. The current situation exposed this

⁴ As defined and eligible under MSME Act of 2006

vulnerability through higher risk premiums and the withdrawal of cover for shipping around the Strait of Hormuz, creating a risk to trade continuity. The BMI Pool addresses this concentration risk by providing a domestic backstop that can sustain cover when external markets become constrained.

2.10.7 *Significance of the Policy Measure.* By offering sovereign-backed, locally managed cover, the BMI Pool helps stabilize insurance availability during periods of geopolitical tension. It also reduces foreign exchange outflows, deepens domestic marine underwriting and claims-management capacity, and strengthens the resilience of India's shipping industry and external trade.

2.10.8 *Expected Results.* The expected result is improved stability of maritime insurance coverage for Indian ships and India-bound cargo transiting high-risk waters. This would help keep seaborne trade moving during periods of geopolitical tension and reduce the risk of higher shipping costs and delays.

2.11 Program Area 2. Safeguarding Domestic Energy Security and Household Fuel Supply. This Area comprises aims to protect the availability and affordability of cooking fuel for vulnerable households, that cushions households against the immediate supply and price shock.

2.11.1 **Policy Measure 2.1.** To secure scarce gas supplies for essential uses and protect farm input availability, *the government, through the Ministry of Petroleum & Natural Gas, issued the Natural Gas (Supply Regulation) Order n. CG-DL-E-10032026-270784 dated March 9, 2026, to regulate, prioritize, and allocate gas supplies by giving full supply priority to essential users (households, city transport buses and the production of cooking gas for homes), at least 70% supply to fertilizer plants serving farmers, and 80% supply to industries connected to the gas grid.*

2.11.2 *Significance.* Around a fifth of the world's natural gas and roughly a quarter of India's gas historically transited the Strait of Hormuz, so any supply disruption would quickly affect cooking gas, city transport and the urea needed by farmers. The government has the statutory authority to ration scarce supplies and protect these essential uses during the current situation.

2.11.3 *Significance of the Policy Measure.* This measure safeguards three critical lifelines that a gas shortage could otherwise disrupt: cooking gas for households, fuel for city transport, and urea for agriculture. It enables the government to manage supplies in a controlled manner during the current situation, particularly given India's exposure to Gulf-linked gas flows.

2.11.4 *Expected Results.* The expected result is more reliable access to gas for essential users, fertilizer plants, and industry during times of heightened uncertainty.

2.12 Program Area 3. This Area comprises Policy Measures to shield farmers from the pass-through of higher global fertilizer and energy prices by keeping fertilizer prices affordable and securing input supply ahead of the main cropping season, thereby protecting agricultural production during the current situation. These measures are reinforced by the enhanced rural

employment and livelihood guarantee, which expands assured wage work for rural households and provides a direct income cushion as higher prices weigh on rural earnings.

2.12.1 **Policy Measure 3.1.** To keep phosphatic and potassic fertilizers, including Di-DAP, affordable and available for the 2026 summer sowing season, the government, *through the Department of Fertilizers, Ministry of Chemicals and Fertilizers, order n. 23011/3/2026-P&K, dated April 9, 2026, approved a Nutrient Based Subsidy Package of INR415.33 billion.*

2.12.2 *Rationale.* India imports a significant share of its fertilizer and feedstock, and the Middle East supplies a large portion of urea and DAP imports as well as nearly half of the LNG feedstock used in domestic urea production. Since March of this year, global urea prices rose by about USD250 per ton, reaching close to USD700 per ton.

2.12.3 *Significance of the Policy Measure.* Raising the subsidy ahead of the sowing season helps shield farmers from a sharp increase in input costs, supporting crop production, rural incomes and food-price stability.

2.12.4 *Expected Results.* The expected result is continued affordability and availability of phosphatic and potassic fertilizers for the 2026 summer sowing season. The subsidy should help shield farmers from higher input costs and support timely crop planting.

2.12.5 **Policy Measure 3.2.** To strengthen rural livelihoods and resilience, *the government through order n. CG-DL-E-11052026-272413 dated May 11, 2026, from the Ministry of Rural Development, established the Viksit Bharat - Guarantee for Rozgar and Aajeevika Mission (Gramin) (VB G RAM G), raising guaranteed wage employment to 125 days per rural household per year and directing support toward water security, rural and livelihood infrastructure, and mitigation of extreme-weather events.*

2.12.6 *Rationale.* The rural employment guarantee is one of India's most important income safety nets during lean seasons and economic slowdowns, especially when erratic monsoons and weaker global conditions reduce rural work opportunities.

2.12.7 *Significance of the Policy Measure.* Replacing Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005, VB G RAM G provides households with an additional month of assured income while also creating climate-resilient rural assets that support farming and strengthen livelihoods over the longer term.

2.12.8 *Expected Results.* The expected result is stronger income support for rural households during lean seasons and periods of weak rural demand.

2.13 **Development Financing Needs.** India's overall external financing needs have risen with the widening of the current-account deficit (projected at about 1.5 percent -2.0 percent of GDP, up to about 2.5 percent in an adverse scenario) and the higher energy and fertilizer import bill. The RPBF of USD1,000 million is proposed as AIIB's standalone, fast-disbursing instrument to stabilize India's critical public expenditures to ensure economic and social stability. The amount is modest relative to India's economy and reserves (about 682 billion) and to the fiscal cost of the government's response measures (the ESF alone is USD10.45 billion and the NBS package USD4.34 billion). Given India's strong creditworthiness and debt-

servicing capacity the financing is well within prudent exposure and Member-limit parameters. The RPBF provides timely financing support that allows the government to sustain priority public expenditure including infrastructure investment and maintenance and to preserve its reform agenda during a period of geopolitical tensions.

2.14 Consultations and Collaboration with Development Partners and Stakeholders.

The policy measures supported by the RPBF are drawn from the government's overall economic response program, developed through established inter-ministerial processes involving the Ministry of Finance (Department of Financial Services), the Ministry of Chemical and Fertilizers (Department of Fertilizers), the Ministry of Petroleum & Natural Gas, the Ministry of Commerce and Industry, and the Ministry of Rural Development. The Department of Economic Affairs (DEA), Ministry of Finance, in coordination with line ministries, has consulted with relevant stakeholders to incorporate their feedback into the policy measures undertaken to date.

2.15 The Bank's assessment of the macroeconomic impact of the Middle East situation draws on the IMF's 2025 Article IV consultation and analytical work by the WB, the ADB and others⁵ India does not have an IMF financing program; the areas of collaboration are therefore analytical and surveillance-based, with the IMF's macroeconomic assessment underpinning the Bank's finding of macroeconomic adequacy. This operation is one of the first RPBFs under the Facility, drawing on lessons from AIIB's COVID-19 Crisis Recovery Facility and its CPBF experience. As a part of the scoping mission, the Bank coordinated with ADB and WB to collate information of crisis tools and sectors each institution will be focusing on to support India. The support provided by ADB, AIIB and WB will be complementary and will not overlap. The team also consulted with IMF to ensure that policy and institutional reforms are aligned, complementary, and consistent.

2.16 Implementation Arrangements. The DEA, Ministry of Finance, is the executing agency, coordinating with the line ministries responsible for each policy measure. The line ministries serving as implementing agencies are the Ministry of Petroleum & Natural Gas, the Ministry of Chemicals and Fertilizers (Department of Fertilizers), and the Ministry of Rural Development. As all the Policy Measures have been completed and verified⁶, the RPBF can be disbursed in a single tranche upon loan effectiveness.

⁵IMF, India: 2025 Article IV Consultation, 26 November 2025: <https://www.imf.org/en/Countries/IND> ; World Bank, April 2026: <https://www.worldbank.org/ext/en/country/india> ; ADB, Asian Development Outlook, April 2026: <https://www.adb.org/news/adb-projects-india-gdp-moderate-6-9-percent-fy2026-rising-7-3-percent-fy2027>

⁶ Verification of completed Policy Measures relies on the government's own published instruments (Cabinet approvals, statutory orders, Press Information Bureau releases and budget documents) in accordance with the Policy and Results Matrix (Annex 1), and as provided in the Verification Matrix.

3. Program Assessment

A. Macroeconomic Policy Framework

3.1 India remains one of the fastest growing major economies of the world, supported by sound macroeconomic policies, a broad domestic market, and a track record of structural reforms. Growth has moderated from the remarkably high post-pandemic rebound but remains strong, while inflation has fallen sharply from recent highs. Fiscal consolidation has progressed, the financial sector remains resilient, and external buffers are strong. At the same time, public debt remains elevated, gross financing needs are sizeable, and downside risks from external trade tensions, commodity price volatility, and weaker global demand continue to warrant careful macroeconomic management.

3.2 **Fiscal Policy.** India's fiscal policy remains anchored in a gradual consolidation strategy that seeks to rebuild fiscal buffers while preserving space for growth-enhancing public investment. The overall fiscal stance has improved meaningfully since the pandemic period. The general government fiscal deficit fell from 12.9 percent of GDP in FY2020-21 to 7.4 percent in FY2025-26 and is projected to remain at that amount before narrowing only gradually thereafter. Stronger revenue mobilization has also supported the fiscal position. Revenue performance has benefited from Goods & Services Tax (GST) implementation, administrative digitalization, and improved tax compliance, although India's broader tax base still has room to deepen further relative to its development needs and investment ambitions.

3.3 Despite steady consolidation, fiscal space remains constrained. Public gross financing needs, while declining to 11.9 percent of GDP in FY2025-26, are projected to increase again to 15.5 percent of GDP in FY2026-27 and remain above that. This reflects the still-large stock of public debt and significant rollover needs. As a result, even though India's debt structure is relatively favorable, the fiscal accounts remain exposed to higher borrowing costs, weaker revenue growth, or additional spending pressures arising from external or domestic shocks. Overall, India's fiscal policy framework remains adequate, but sustaining reform momentum will be important to preserve macroeconomic stability and create additional space for inclusive growth.

3.4 **Monetary and Exchange Rate Policy.** Monetary policy is guided by India's flexible inflation-targeting framework, with a 4 percent target and a ± 2 percent band. Average CPI inflation declined from 6.7 percent in FY2022-23 to 4.6 percent in FY2024-25 and further to 2.1 percent in FY2025-26, with a temporary low of 0.25 percent in October 2025 before normalizing to around 4 percent by May 2026. This was driven by lower commodity prices, easing food pressures, GST-related rationalization, and earlier monetary tightening. As inflation softened and growth remained resilient, the Reserve Bank of India (RBI) began a cautious easing cycle in early 2025, reducing the policy rate to about 5.25 percent by May 2026 from 6.5 percent in February 2023. Inflation is projected at about 4.7 percent in FY2026-27 before stabilizing around 4.0 percent, remaining consistent with the target range as domestic demand strengthens.

3.5 The exchange rate also remains market-determined, while the RBI has retained flexibility to manage excessive volatility when needed. Gross international reserves rose from USD578.4 billion in FY2023-24 to around USD682.3 billion for FY2026-27 based on end-May

2026 data and remain adequate by conventional metrics. These reserve buffers materially strengthen India's ability to absorb external shocks, smooth disorderly market conditions, and sustain confidence amid global volatility.

3.6 Debt Sustainability. India's public debt remains elevated, but available evidence indicates that it is sustainable under the baseline outlook. General government gross debt stood at 84.1 percent of GDP in FY2025-26 and is projected to decline to 83.4 percent of GDP in FY2026-27, with a medium-term decline toward around 77.6 percent of GDP by FY2031-32⁷. Although the level remains high relative to many peers, the downward trajectory suggests that debt dynamics can gradually improve if fiscal consolidation continues and growth remains robust.

3.7 Debt sustainability is supported by several favorable structural characteristics. A large share of public debt is denominated in domestic currency, reducing exchange rate risk. The debt stock also benefits from relatively long maturities and a predominantly domestic investor base, which limits rollover risks compared with countries that rely more heavily on nonresident or foreign currency financing. Strong nominal growth also helps when growth remains above effective funding costs, debt ratios can decline even under moderate primary adjustment. External debt metrics are also broadly manageable. External debt stood at around 19 percent of GDP in FY2025-26. Given the size of reserves and the relatively diversified structure of India's external liabilities, these levels do not suggest immediate external debt stress.

3.8 Nonetheless, the debt burden and gross financing needs remain elevated. The debt path is sensitive to fiscal consolidation, increase in funding costs or sustained external shocks. India's debt outlook remains manageable, but the room to absorb large shocks without policy adjustment is limited.

3.9 Financial Sector Policy. India's banking sector asset quality has improved substantially from the stressed conditions observed in the late 2010s. Supported by stronger supervisory oversight, the Insolvency and Bankruptcy Code, recapitalization efforts in public sector banks, and a more favorable macroeconomic environment, non-performing assets have trended downward and credit conditions have normalized. This has helped restore the banking system's capacity to support investment and working capital needs. Capital adequacy and liquidity metrics remain broadly comfortable, allowing the system to absorb moderate macro-financial shocks.

3.10 At the same time, the systemic risks are broadly contained but pockets of vulnerability remain, particularly due to concentration risks and increased interconnectedness across segments of the financial system. The role of non-bank financial institutions has expanded, contributing to broader financial intermediation but also creating channels through which stress could propagate more quickly, which warrants ongoing regulatory attention. Overall, India's financial sector appears capable of supporting continued growth under the baseline outlook, but maintaining resilience will require ongoing regulatory attention.

3.11 External Sector Policy. India's external sector remains broadly stable and manageable, supported by strong services exports, remittances, and large reserve buffers. The current

⁷ [IMF, 2025](#)

account deficit narrowed from 2.0 percent of GDP in FY2022-23 to 0.9 percent in FY2025-26 and is projected to widen to about 2.0 percent in FY2026-27 due to strong domestic demand and higher import costs before moderating to around 1.5–1.6 percent over the medium term. These levels are considered manageable, supported by strong services exports, resilient transfers, and a large domestic market.

3.12 The external position is further supported by substantial reserves of about USD682 billion (end-May 2026), providing strong buffers against external shocks. External debt remains moderate, and financing flows are diversified, while the policy framework and reserve position help cushion capital flow volatility and exchange rate pressures.

3.13 **Macroeconomic Outlook and Risks.** India's near- and medium-term macroeconomic outlook remains favorable. The economy has continued to perform well, with real GDP growth of 7 percent in FY2024-25 and expansion of 7.6 percent in FY2025-26. Over the medium term, growth is expected to remain around 6.5 percent through FY2030-31. The outlook is supported by strong domestic demand, sustained public investment, improved agricultural performance, resilient services activity, and more favorable inflation dynamics. Lower inflation should support household purchasing power and private consumption, while macroeconomic and financial stability should help sustain investment. At the same time, India's ambition to become an advanced economy will require medium-term growth to become increasingly private sector driven, supported by labor market reforms, stronger productivity, deeper capital formation, and continued improvements in the business climate.

3.14 Risks to the outlook remain tilted to the downside, although they appear manageable under current conditions. The IMF highlights risks from further geoeconomic fragmentation, tighter external financial conditions, higher input costs, and weaker trade and FDI. Additional risks stem from the Middle East situation, mainly through higher imported energy costs, pressures on external balances, and weaker demand in advanced economies, which could affect software and other exports. Unpredictable weather shocks could also reintroduce food price pressures and affect rural demand.

B. Institutional Capacity

3.15 The government has established institutional arrangements to monitor the implementation of Program-supported reforms. Based on its assessment of implementation arrangements, institutional roles, and the track record of relevant ministries and agencies in delivering large and complex programs, AIIB considers that adequate capacity exists to implement the Program. AIIB further assessed the adequacy of the Program by reviewing the strength and coherence of policy measures, clarity of institutional responsibilities, and robustness of monitoring mechanisms. The DEA will coordinate implementation, consolidate progress updates, and engage with AIIB, with line ministries tracking and reporting progress through existing administrative systems.

C. Fiduciary Governance Assessment and Disbursement

3.16 **Fiduciary Governance.** The Procurement and Financial Management assessment is based on desk-review and review of the latest assessment of the WB. The fiduciary risk of the

proposed operation is considered medium based on the status of public financial management systems, procurement systems, and foreign exchange control environment. The assessment concludes that the public financial management systems at the Union level are adequate across several areas such as Planning, Budgeting, Financial Reporting, Public Investment Management, and auditing. The government extensively uses technology-driven platforms such as the Public Financial Management System which has enabled cash management and real-time tracking of funds to the final beneficiary, including Direct Benefit Transfers.

3.17 Public procurement is handled by ministries, states, public sector undertakings and local governments and is governed by General Financial Rules 2017 and other acts/rules at the central level and state level. The WB's country procurement assessment concludes that India has a moderately well-functioning public procurement system with islands of excellence. Over 80 percent of procurement is carried out through open competition procedures, and e-procurement is mandatory for all major procurement.

3.18 The foreign exchange control environment at the RBI is satisfactory for the purposes of this operation. The IMF has not carried out a safeguard assessment of the RBI. As part of the preparation for this operation, the Bank has reviewed the RBI's audit report and published annual financial statements for the three financial years (FY23/24, FY24/25, and FY25/26). The audit reports have a clean and unqualified opinion.

3.19 **Disbursements.** Upon effectiveness, the DEA, through the office of the Controller of Aid Accounts and Audits, will submit a withdrawal application to the Bank, based on which the Bank will disburse the proceeds of the loan to India's account at the RBI. This account is part of India's general foreign exchange reserves. Once the amount is credited, it will be added to the consolidated funds of India and will be available as part of the general budget proceeds, which will be confirmed by the government within an agreed number of days of receipt. The loan proceeds may be used for any general purpose, other than financing excluded expenditure (as defined in the loan agreement).

D. Environmental and Social Aspects

3.20 AIIB's Environmental and Social Policy (ESP), individual Environmental and Social Standards (ESS) and Environmental and Social Exclusion List (ESEL) apply to the Program. ESS 1 (Environmental and Social Assessment and Management) is applicable to address the Program's environmental and social (E&S) risks and impacts.

3.21 A desktop-based E&S due diligence was undertaken using a rapid assessment approach. The review indicates that the Program is not expected to give rise to any significant E&S impacts. Where Policy Measures may result in potential or likely adverse E&S impacts, established legal, policy, and institutional frameworks are in place to ensure that appropriate safeguards are applied to mitigate such impacts. The detailed E&S analysis is presented in Environmental and Social Matrix in Annex 2.

3.22 **Environmental Aspects.** Based on the assessment of the Policy Measures, it is noted that neutral to positive environmental impacts such as prevention of switching to polluting fuel sources due to lack of availability of fuel-gas supply, recognizing potential environmental

disasters faced in maritime activities and embedding provisions for insurance claims for taking action to mitigate the environmental disasters, supplementing nutrients in nutrient deficient agricultural soils are anticipated from few of the Policy Measures. The implementing agency will exclude investments in goods that are part of the AIIB's ESEL.

3.23 Social Aspects. Based on the PT's assessment, the majority of the Policy Measures are expected to have neutral to positive social impacts. Financial support extended to affected sectors such as maritime transport and export logistics anticipated to generate cascading positive effects, safeguarding the jobs, livelihoods of millions of individuals who are directly or indirectly dependent on these sectors. Measures such as the prioritization of LPG supply to domestic households and fertilizer industries are aimed at alleviating economic distress among households, farmers and supporting agricultural productivity. These interventions are expected to strengthen energy and food security outcomes. Similarly, the provision of fertilizer subsidies is likely to reduce financial burdens on farmers, prevent excessive indebtedness, and further enhance food security.

3.24 Potential downstream risks associated with labor management and Health and safety are addressed through institutional and legal safeguards embedded in the Viksit Bharat Guarantee for Rozgar and Aajeevika Mission (Gramin) Act, 2025 (VB G RAM G Act, 2025). These provisions are designed to strengthen accountability, transparency, and effective program delivery. The abovementioned Act of 2025, which governs the implementation of these programs, incorporates institutional safeguards, defined roles and responsibilities, and accountability mechanisms to address and mitigate such risks effectively.

E. Gender Equality and Social Inclusion Aspects.

3.25 Policy Action 3.2 aims to strengthen rural employment systems. The downstream implementation of this Policy Measure is governed by the VB G RAM G Act, 2025. The Act includes explicit provisions to promote gender inclusion within the rural workforce. It mandates that priority in employment allocation be determined based on the number of applicants registered for work, while ensuring that at least one-third of the total beneficiaries are women. This provision is intended to enhance women's participation in rural livelihoods and promote equitable access to employment opportunities.

F. Monitoring, Oversight and Accountability

3.26 Monitoring and Oversight. The government has established institutional arrangements to monitor implementation of the RPBF results. DEA will consolidate data from the respective line ministries on the progress of reform measures and results indicators. Monitoring will be conducted annually, with the DEA aggregating progress updates. The monitoring system will rely primarily on sectoral data maintained by line ministries and standardized reporting mechanisms. This approach is intended to improve availability, timeliness, and consistency of data.

3.27 Governance and Anti-Corruption. The Policy on Prohibited Practices applies to RPBF. The loan agreement will incorporate adequate provisions to provide: (i) a definition of Excluded Expenditures in accordance with the Bank's Operational Policy Framework; (ii) that the RPBF may not be used to finance Excluded Expenditures, as well as expenditures with respect to

which the Bank determines that misuse of resources, theft, or corrupt, fraudulent, collusive, obstructive, or coercive practices has occurred; and (iii) recourse to the Bank in the event that the RPBF is used to finance Excluded Expenditures.

3.28 Grievance Redress and Bank's Project-affected People's Mechanism. The Program will be operated under the oversight of DEA. DEA has its grievance redressal mechanism and webpage dedicated to grievance redress. Furthermore, the Member has a Centralized Public Grievance Redress and Monitoring System (CPGRAMS), which is a 24x7 online platform that enables citizens to lodge grievances with public authorities on issues related to service delivery. It serves as a unified portal linked to all Ministries and Departments of the Government of India as well as State Governments, with role-based access for officials. CPGRAMS is also accessible through a standalone mobile application (available on Google Play) and via integration with the UMANG app.

3.29 People who believe they have been or are likely to be adversely affected by specific policies supported as Policy Measures under the Program - in situations when their concerns cannot be addressed satisfactorily through the local/national grievance mechanisms or the processes of the Bank's Management – can submit their concerns via the PPM. For information on AIIB's PPM, please visit: <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

G. Risks and Mitigation Measures

Table 1: Summary of Risks and Mitigating Measures

Risk Description	Assessment (H/M/L ⁸)	Mitigation Measures
Preparation Risks		
Political and Governance		
Risks of delays or partial implementation of reforms	L	The reforms are anchored in government programs with established institutional arrangements, which reduce the risk of delays or partial implementation. AIIB supports implementation and monitoring, as needed.
Macroeconomics		
External risks are increasing as higher oil prices are likely to widen the current account deficit and add pressure on fiscal space. A prolonged or escalating geopolitical tension could weaken macroeconomic conditions.	M	Continued fiscal management and expenditure prioritization would help contain pressures on fiscal space and support program implementation in the near term. The government also has access to a range of financing options from MDBs,

⁸ H- High, M-Moderate and L- Low

Risk Description	Assessment (H/M/L ⁸)	Mitigation Measures
		including counter-cyclical support and, if needed, emergency financing, to help cushion external shocks.
Implementation Risks		
Implementation Capacity		
Responsibility for reforms is clearly assigned to relevant ministries and agencies. However, implementation risks remain due to institutional capacity constraints of local level agencies and the pace of reforms.	M	These risks will be mitigated through close coordination among the responsible agencies, proactive monitoring of implementation progress, and complementary capacity building where needed to support timely delivery.
Stakeholders		
Reforms supported by this Program may face resistance from groups such as environmental advocates or market participants seeking to preserve existing arrangements that allow a few large companies to retain significant market power. Shifts in the political environment could also weaken commitment over time.	M	These risks will be mitigated through strong central coordination, sustained government engagement to maintain reform momentum and manage stakeholder concerns, and continued policy dialogue and assistance from AIIB to support implementation and reinforce commitment.

Annex 1: Policy and Results Matrix (PRM)

The Program supports India’s short-term policy and institutional measures and public expenditure allocations aimed at sustaining economic activity, safeguarding social stability and strengthening resilience .					
Policy Measures	Results				
Program Area I: Safeguarding Macroeconomic Stability and Trade Resilience.					
Policy Measure 1.1 To support businesses affected by the Middle East situation, improve their liquidity, and sustain lending to viable firms, the government has approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 through the Union Cabinet’s decision taken on May 05, 2026, under which it guarantees 100% of losses on loans to small businesses (MSMEs) and 90% for larger firms, to promote uninterrupted domestic production and maintain resilience of the ecosystem.	Output Indicator	Unit of measurement	Baseline (2026)	Target (2028)	Responsibility, Frequency & Method
	Issuance of guarantees by National Credit Guarantee Trustee Company Limited as part of the ECLGS 5.0	%	0	75 (% of the approved ceiling for guarantees)	MoF Annual; Progress Report
Policy Measure 1.2 The government through the Department of Financial Services, Ministry of Finance, order n. G-14017/2026-Ins.II, dated May 7, 2026 the creation of the Bharat Maritime Insurance Pool (BMI Pool), a domestic and government-backed insurance pool supported by a sovereign guarantee to provide affordable cover against critical maritime risks for Indian ships and India-bound cargo transiting high-risk waters, helping ensure that seaborne trade remains insured and continues to move during periods of geopolitical disruption.	BMI pool is operational.	Yes/No	BMI Pool not in existence prior to April 2026	BMI Pool operationalized and to remain functional	MoF Annual; Progress Report
Program Area 2: Safeguarding Domestic Energy Security and Household Fuel Supply					

Policy Measure 2.1 The government , through the Ministry of Petroleum & Natural Gas, issued the Natural Gas (Supply Regulation) Order n. CG-DL-E-10032026-270784 dated March 9, 2026, to regulate, prioritize, and allocate gas supplies by giving full supply priority to essential users (households, city transport buses and the production of cooking gas for homes), at least 70% supply to fertilizer plants serving farmers, and 80% supply to industries connected to the gas grid.	Supply of natural gas to Priority Sectors maintained in accordance with the Natural Gas (Supply Regulation) Order, 2026	Text	No statutory framework existed for regulation and prioritization of natural gas allocation during emergency/supply disruption situations.	Mandated minimum allocations maintained on a quarterly basis during the crisis period to operational availability ⁹	MoF Annual; Progress Report
Program Area 3: Safeguarding Food Security and Resilience of Rural Income					
Policy Measure 3.1 To keep phosphatic and potassic fertilizers, including Di-Ammonium Phosphate (DAP), affordable and available for the 2026 summer sowing season, the government, through the Department of Fertilizers, Ministry of Chemicals and Fertilizers, order n. 23011/3/2026-P&K, approved on April 9, 2026, the Nutrient Based Subsidy Package of INR415.33 billion.	Price stability of fertilizers during the 2026 monsoon season	Text	DAP retail price held at ₹1,350 per 50 kg bag	DAP retail price held at ₹1,350 per 50 kg bag	MoF Annual; Progress Report
Policy Measure 3.2 The government through the order n. CG-DL-E-11052026-272413 from the Ministry of Rural Development, established the Viksit Bharat - Guarantee for Rozgar and Aajeevika Mission (Gramin) (VB G RAM G) on May 11, 2026, raising guaranteed	Utilization (%) of allocated budget under the rural employment guarantee program	%	0	100	MoF Annual; Progress Report

⁹ Priority I (domestic PNG, transport CNG, LPG production): 100%; Priority II (fertiliser plants): ≥70%; Priority III (industry on the grid): ~80% and Priority IV (CGD industrial/commercial): ~80%"

wage employment to 125 days per rural household per year and directing support toward water security, rural and livelihood infrastructure, and mitigation of extreme-weather events.	Number of households benefited by the livelihood program ¹⁰	Number	0	7,000,000	MoF Annual; Progress Report
	Share of women employed under the livelihood program	Percent	0	30	MoF Annual; Progress Report

¹⁰ Calculated as (Total household benefited= total annual budget/ budget /HH); per household cap of 125 days/year; Annual budget is approximately Indian Rupee 9,569.231 and per day employment rate (Unskilled) is Indian Rupee 821/day.

Annex 2: Environmental and Social Matrix

Policy Measure	Likely environmental impact	Likely social impact
Program Area I: Safeguarding Macroeconomic Stability and Trade Resilience.		
Policy Measure 1.1 To support businesses affected by the Middle East situation, improve their liquidity, and sustain lending to viable firms, the government has approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0 through the Union Cabinet's decision taken on May 05, 2026, under which it guarantees 100% of losses on loans to small businesses (MSMEs) and 90% for larger firms, to promote uninterrupted domestic production and maintain resilience of the ecosystem.	The Policy Action will create a neutral to likely adverse impact since this fund will serve as a financial buffer to protect the domestic economy from unanticipated global headwinds such as energy and oil-price shocks, supply-chain disruptions and unexpected shocks to sub-sectors of the economy. The AIIB team will share the ESEL with the borrower to ensure that AIIB's investment follows the exclusion list.	The Policy will have positive impact since it will secure livelihood of millions of people directly or indirectly associated with the export trade.
Policy Measure 1.2: The government approved the creation of the Bharat Maritime Insurance Pool (BMI Pool) in April 2026, a domestic, government-backed insurance pool supported by a sovereign guarantee of USD1.36 billion to guarantee that Indian ships and India-bound cargo can secure affordable cover against the critical maritime risks when transiting high-risk waters.	The Policy Measure will create a neutral to positive impact since BMI Pool has taken into account the likely environmental risks faced by maritime and will also cover third-party liabilities like oil pollution liability, wreck removal, cargo damage, crew injury and repatriation, collision liabilities. The coverage of environmental disasters in the insurance will enable execution of appropriate action, in emergency cases. The governance and administration of the BMI Pool will be overseen by three different entities- a governing body, an Underwriting Committee (UC) and Pool administrator (GIC Re).	The Policy will have a positive impact. The Policy is aimed to ensure continuity of trade even in the event of withdrawal of re/insurance coverage due to sanctions or geopolitical tensions. This would strengthen member's maritime risk protection framework and support secure global trade operations in future, promoting financial sovereignty.

Program Area 2: Safeguarding Domestic Energy Security and Household Fuel Supply		
Policy Measure 2.1: The government, through the Ministry of Petroleum & Natural Gas, notified on March 9, 2026, the Natural Gas (Supply Regulation) Order, 2026 to ration scarce gas supplies guaranteeing full supply to essential users (households, city transport buses and the production of cooking gas for homes), at least 70% to fertilizer plants that supply farmers, and 80% to industries connected to the gas grid.	This Policy Measure has neutral to positive environmental impact since it involves prioritization of gas supply and also prevents switching over to polluting fuels such as coal and timber woods (in household scale) and coal (industrial scale) in times of scarcity of gas supply. The Gas Authority of India Limited (GAIL), in coordination with the Petroleum Planning and Analysis Cell (PPAC) shall manage the supplies of natural gas and implement the directives of Natural Gas (Supply Regulation) Order, 2026.	The Policy Measure aims to protect the interest of domestic consumers and prioritize the fertilizer industries to secure the agricultural sector and subsequently the farmers and ensuring food security in the country.
Program Area 3: Safeguarding Food Security and Resilience of Rural Income		
Policy Measure 3.1: Nutrient Based Subsidy (NBS) package for the summer sowing season. The Department of Fertilizers approved on April 8, 2026, a USD4.34 billion NBS package for the 2026 summer sowing season — about 12 % above the previous season — to keep phosphatic and potassic fertilizers, including DAP, affordable and available.	The Policy Measure will have neutral to positive impact. The subsidy will be provided to keep the fertilizers (28 listed Phosphatic and Potassic (P&K) including DAP and NPKS grades that are in regular use by farmers) affordable and will not promote or encourage introduction of new type of fertilizers that may have additional unknown/unprecedented adverse on soil and water environment. The fertilizers will be used for compensating for the nutrient (primary and secondary) deficient agricultural soils. Under the NBS policy, the government has constituted an Inter-Ministerial Committee (IMC) with Secretary (Fertilizers) as Chairman	This Policy Measure will prevent loan (formal or informal) burden on poor or marginalized farmers and ensure food security. Thus, it will have a positive impact.

	and Joint Secretary level representatives from Department of Agriculture and Farmers Welfare (DA&FW), Department of Expenditure (DOE), NITI Aayog and Department of Agricultural Research and Education (DARE). The IMC also considers other relevant factors like the requirement of nutrients in the country, balanced use of fertilizers, subsidy burden, MRP of fertilizers etc. while recommending the subsidy rates for different nutrients.	
Policy Measure 3.2 Rural employment and livelihood guarantee (VB G RAM G). India notified on May 11, 2026, the Viksit Bharat Guarantee for Rozgar and Aajeevika Mission (Gramin) raising guaranteed wage employment to 125 days per rural household per year, directed to water security, rural and livelihood infrastructure, and mitigation of extreme-weather events.	Neutral impacts are anticipated on the environment for supporting this policy Measure.	This Policy Measure provides an assurance of 125 days of wage employment in every financial year to every rural household whose adult member volunteers to undertake unskilled manual work. thereby promoting livelihood security. Hence, this Policy creates positive impacts. Potential concerns may arise with regard to labor management and health and safety risks. These concerns have been addressed in the provisions of VB G RAM G Act, 2025. Provisions of establishment of Grievance Redressal System, prioritization of women workforce, social audits are aligned to ESS 2 of AIIB's ESF. The VB G RAM G Act, 2025 outlines the need to provide safe drinking water, adequate rest, and a first aid box with adequate material for emergency treatment for minor injuries and other health hazards. Further, free medical treatment (including

		hospitalization) will be provided to workers injured during work. For a person permanently disabled by work related accidents, an ex-gratia payment will be provided to his or her legal heir.
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